

Arizona Gray-Water Conservation Tax Credit

What is it?

Passed in the 2005 Legislative session, Arizona law provides a tax credit for the installation of a "graywater" conservation system in a residence to reclaim water.

How much is the credit for individuals?

The tax credit is 25 % of the cost of installing a water conservation system not to exceed \$1000 in the taxpayer's Arizona residence. The credit applies to the full cost of installing a water conservation system.

How much is the credit for corporations?

The corporate credit applies to the cost of installing plumbing stub outs for a separate graywater system in a residence constructed by the corporation, not to exceed \$200 per residence.

What are the limitations?

- The total amount of the credit available to all Arizona individual taxpayers is limited to \$250,000 per year.
- Only one credit in one tax year is allowed per residence. Tax credits claimed over multiple years by a taxpayer for the same residence cannot exceed \$1000.
- The total amount of the credit available to all Arizona corporate taxpayers is limited to \$500,000 per year.
- Taxpayers must apply for approval to take either the individual or corporate tax credits.
- Upon approval, taxpayers who use the credit on their Arizona tax credit may only use the credit to bring their tax liability to zero. If the amount of their allowed tax credit is greater than their tax liability for that year, the amount in excess of their liability can be applied to the subsequent year. There is a five-year limit on this "carry-forward".

How to apply for the credit?

Applications will be available on the Arizona Department of Revenue website. Go to www.azdor.gov and click on "Credit Pre-Certification" on the left column of the home page; then select "Gray Water Conservation Tax Credit".

When does the tax credit take effect?

Beginning with tax year 2007 and ending at the close of the 2011 tax year.

Questions?

Call Georganna Meyer at 602-716-6927.